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Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SS-15 H-03 NSC-10 ACDA-19 PM-07 L-03

CIAE-00 INR-10 NSAE-00 RSC-01 NEA-10 PA-03 PRS-01

USIA-15 TRSE-00 MBFR-04 SAJ-01 EB-11 OMB-01 DRC-01

/141 W
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FM USMISSION NATO
TO SECSTATE WASHDC 1513
SECDEF WASHDC

C O N F I D E N T I A L USNATO 4242

C O R R E C T E D C O P Y ADD TEXT LINE 2-3 PARA ONE

E.O. 11652: GDS 12/31/79
TAGS: MCAP, NATO
SUBJECT:BURDENSHARING

REF: (A) STATE 172037; (B) USNATO 3875

1. USNATO MISSION RECOMMENDS RECONSIDERATION OF GUIDANCE IN PARA 1 (3B) OF REFTEL A, ALTHOUGH US PURCHASE OF HARRIER IS AN EXPENDITURE IN THE US MILITARY BOP, IT IS NOT THE KIND OF EXPENDITURE WHICH THE PRESIDENT ASKED OUR ALLIES TO OFFSET IN HIS FOREIGN POLICY REPORTS OF FEBRUARY 9, 1972, AND MAY 3, 1973. IT IS NOT THE KIND WHICH OUR ALLIES AGREED TO CONSIDER IN THE CURRENT NATO STUDY. (ON THIS POINT, SEE USNATO 3875.) CONSEQUENTLY, IN THE MISSION VIEW, US SHOULD PRESENT TO ALLIES REVISED BOP FIGURES FOR CY 1972 WHICH REFLECT IN THE EXPENDITURE COLUMN ONLY EXPENDITURES RELATED TO THE MAINTENANCE OF US FORCES IN EUROPE. ANOTHER REASON FOR EXCLUDING HARRIER PURCHASE IS THE RESALE OF SOME OF THESE AIRCRAFT TO SPAIN.

2. THERE MAY BE CONFUSION ABOUT THE PURPOSE SERVED BY US PRE-
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SENTATION TO ALLIES OF HISTORIC MILITARY BOP INFORMATION. WE ARE NOT ASKING OUR ALLIES TO COVER ANY OF OUR MILITARY BOP DEFICIT INCURRED IN THE PAST. THOSE DATA FOR 1972 ARE BEING SUBMITTED TO THE ALLIES TO SATISFY THEIR DESIRE FOR A

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MORE SPECIFIC INDICATION OF THE KIND OF EXPENDITURE THAT WE COUND
AS ENTERING OUR MILITARY BOP BECAUSE OF THE PRESENCE OF OUR
FORCES IN EUROPE. WE USE HISTORIC DATA FOR THIS
PURPOSE BECAUSE THEY PROVIDE GREATER PRECIDION THAN A
BREAKDOWN OF ESTIMATES OF FUTURE SPENDING COULD AFFORD.

3. IN ACCORDANCE WITH WASHINGTON INSTRUCTIONS (STATE
150394), RUMSFELD TOLD NAC AUGUST 1 THAT THE AMONT WE ESTIMATE
SHOULD BE PROVIDED TO OFFSET MILITARY BOP EXPENDITURES IS 2.7
BILLION DOLLARS, OF WHICH 440 MILLION DOLLARS SHOULD
REPRESENT BUDGETARY, AS WELL AS BOP DEFICIT, RELIEF.
THIS 2.7 BILLION DOLLARS IS THE ESTIMATE WHICH WASHINGTON
SUPPLIED FOR MILITARY BOP EXPENDITURE IN EUROPE IN FY 1974.
MILLION RECOMMENDS THAT WASHINGTON SCRUTINIZE THIS
FIGURE OF 2.7 BILLION DOLLARS TO DETERMINE WHETHER IT
INCLUDES EXPENDITURE LIKE HARRIER PURCHASE WHICH MAY NOT BE
FULLY RELATED TO MAINTENANCE OF OUR FORCES IN EUROPE
AND, IF IT DOES, THAT WASHINGTON PROVIDE MISSION WITH A REVISED
FIGURE TO PRESENT TO NATO ALLIES ELIMINATING SUCH ITEMS.

4. WITH REGARD TO RECEIPTS, HISTORIC FIGURES SHOULD REFLECT ALL
MILITARY TRANSACTIONS BY OUR NATO PARTNERS TO US WHICH RESULT
IN PAYMENTS IN DOLLARS TO THE US GOVERNMENT OR US PRIVATE
SUPPLIERS. U.S. CALCULATIONS DO NOT REFLECT RECEIPTS ...
FOR ALL PURCHASES OF MILITARY EQUIPMENT FROM THE U.S."
CENSUS BUREAU FIGURES, ADMITTEDLY INCOMPLETE, SHOW 123 MILLION
DOLLARS IN EUROPEAN NATO MILITARY PURCHASES DIRECTLY FROM US
SUPPLIERS, WHICH APPARENTLY ARE NOT RECORDED IN DOD
CALCULATION OF RECEIPTS, AS FAR AS POSSIBLE, ALL SUCH
PURCHASES BY OUR ALLIES SHOULD BE REFLECTED IN OUR RECEIPTS
AND OUR MILITARY BOP DEFICIT IN PAST PERIODS SHOULD BE
ADJUSTED ACCORDINGLY.

5. AGAIN, WE ARE NOT ASKING OUR ALLIES TO COVER ANY PAST
BOP DEFICIT. ADJUSTMENTS OF THE KIND WE SUGGEST GIVE THE ALLIES,
HOWEVER, A CLEARER AND MORE ACCURATE INDICATION OF
WHAT WE EXPECT OF THEM BEYOND THE LEVEL OF OFFSETTING
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MILITARY PURCHASES THEY HAVE BEEN MAKING.

6. US RECORDS ON RECEIPTS ENTERING THE MILITARY BALANCE OF
PAYMENTS SHOULD BE IMPROVED IN VIEW OF THE EMPHASIS
US IS PLACING ON THE MILITARY BOP DEFICIT WITH NATO ALLIES.
MISSION RECOMMENDS ACTION BY WASHINGTON TO INSURE FOR THE
FUTURE AS COMPLETE AND ACCURATE A RECORD OF OUR MILITARY RECEIPTS
AS POSSIBLE. RUMSFELD

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